

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 /077 W
----- 035201

R 190916Z SEP 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3458

C O N F I D E N T I A L TOKYO 13281

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS SEPT 8-19

1. SUMMARY: AFTER SEVERAL WEEKS OF CONTINUED SELLING PRESSURE ON YEN, TOKYO FOREX MARKET REACTED STRONGLY AS IN EUROPE TO NEWS OF LARGE U.S. CURRENT ACCOUNT SURPLUS IN SECOND QUARTER AND LARGE OVERALL JAPANESE B/P DEFICIT IN AUG. WITH DOL RISING IN EUROPEAN MARKETS, BANK OF JAPAN LOWERED INTERVENTION POINT FROM 298 TO ALMOST 301 YEN/DOL. END SUMMARY.

2. FOR PAST SEVERAL WEEKS, BOJ HAS SUPPORTED YEN AT 298 YEN/DOL LEVEL, AT TIMES INTERVENING HEAVILY IN SPOT MARKET. BOJ INTERVENTION TOTALLED \$750 MIL IN AUG (ACCORDING TO BOJ OFFICIAL) AND WAS APPROXIMATELY \$80 MIL AND \$120 MIL RESPECTIVELY IN FIRST AND SECOND TRADING WEEKS OF SEPT (I.E. THROUGH 9/12).

3. CONTINUATION OF THE WEAKNESS OF THE YEN AND THE SHARP STRENGTHENING OF THE DOLLAR IN EUROPEAN MARKETS AFTER RELEASE OF U.S. SECOND QUARTER B/P STATISTICS PROMPTED
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GOJ TO SHIFT INTERVENTION POINT FROM 298 TO 300.99 YEN

PER DOLLAR ON SEPT 18. BOJ REPORTEDLY SOLD \$180 MIL THAT DAY. MARKET EASED SOMEWHAT AND BOJ DID NOT INTERVENE IN MARKET ON FRIDAY, SEPT 19. NEVERTHELESS, OVERALL TONE OF YEN REMAINS WEAK, EXPORT OUTLOOK REPORTEDLY NOT BRIGHT AND OUTFLOW OF LONG-TERM CAPITAL THROUGH NET SALES BY FOREIGNERS OF JAPANESE STOCKS IS CONTINUING. FINATT, HOWEVER, NOTES THAT PROVISIONAL AUG B/P DATA (TOKYO 13131) INDICATE THAT LARGEST DETERIORATION WAS IN CAPITAL RATHER THAN TRADE OR CURRENT ACCOUNT TRANSACTIONS.

4. FOLLOWING ARE DATA FOR OVERNIGHT SPOT (CENTRAL) AND FORWARD DOLLAR EXCHANGE RATES AND INTERBANK TRADING VOLUMES FOR SEPT 8-19:

	CENTRAL	FORWARD DOLLARS	SPOT	
	SPOT RATE (PREMIA IN PCT P.A.)	VOL		
	(YEN/DOL)	2-MO	3-MO	6-MO (MIL DOL)
SEPT 8	297.98	2.56	2.04	NO TRADE 68
9	298.00	2.62	2.08	1.44 69
10	297.99	2.64	1.89	1.41 62
11	297.90	2.42	2.08	1.40 68
12	298.00	2.21	1.88	1.36 222

WEEKLY FWD VOL WAS \$542 MIL; SWAP VOL WAS \$406 MIL

SEPT 15	-----HOLIDAY-----	
16	298.00	2.01 1.68 1.30 150
17	298.00	2.52 1.88 1.48 136
18	300.99	0.62 0.81 0.90 177
19	300.40	3.79 2.40 1.50 94

WEEKLY FWD VOL WAS \$515 MIL; SWAP VOL WAS \$297 MIL
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DATA, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO13281
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750325-0525
From: TOKYO
Handling Restrictions: n/a
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ISecure: 1
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Margaret P. Grafeld
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06 JUL 2006

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